

Mulligans Commission

AGENDA • March 5, 2015

City Hall, Executive Conference Room

Members: Deanna Kaufman • Don Shelton • Don Tingey • Doug Brown • Dustin Lewis • Mark Seethaler • Max Shoura

Hello and Get Going

4:30pm

Acknowledge Attendance/Quorum

Reference Notes, Actions, and Follow-up from 2/26/15 Meeting

4:32pm • Discussion and Calendar Overview -

When	Who	What
Th 3/5/15	Deanna	Discussion/refinement of MC Communications Plan/Practices
Th 3/5/15	Mark	Presentation of a revised Resolution of bond pay-off
Th 3/5/15	Deanna	Presentation in support of paying-off the Mulligans Bond/Discussion
Th 3/5/15	Don Shelton	Initial discussion of the elements/considerations for a M Marketing Pln
Th 3/12/15	Don Tingey	Present/discuss past Mulligans Proposals and Plans – former owners
Tu 3/17/15	Deanna	Presentation to City Council in support of Resolution to payoff Bond
Tu 3/17/15	Mark	Sponsor a final-draft resolution to the CC for paying off the Mulligans B
Th 3/19/15	DonT/Max/Doug	Presentation to MCM on findings/principles from Y2 Analytics Survey

Review status of Mulligans Commission Charter

4:45pm

Must be finalized for presentation to the City Council for Tuesday's meeting

Focus on the Objectives and Draft Schedule Commitments

4:45pm

Max has mapped this out and will guide us through a discussion of issues and objectives - as they pertain to timing, overlap, sequence, bandwidth, priority, etc.

Review City Council presentation of Charter and Introduction

5:05pm

Max - Draft presentation/Q&A, edits and discussion

Agenda slot secured with City Council on March 3rd

Review Bond Pay-off PowerPoint and Draft Resolution

5:25pm

Deanna - Presentation review for City Council

Mark - Draft review of Resolution

Miscellaneous Reports and Closing Comments

5:50pm

Deanna/Don - debt and property protection

Confirm Assignments, Next Meeting & Close

5:55pm

Next Meeting: Thursday March 12, 2015, Executive Conference Room

Mulligans Commission Meeting Notes • 3/5/15

Mark Seethaler called the meeting to order at 4:31PM.

Attendance: all commission members present. The Mulligans Commission was also joined by three South Jordan residents, Mr. Mike Tyler and Mr. Greg and Mrs. Irene Tait.

First order of business was to review the discussion and calendar overview and stepped through what was completed and what deliverables and key dates would be in the next two weeks. Max Shoura projected our work plan for the team to review the upcoming activities. Max committed to adding to the work plan visual cues like check marks for completed deliverables and tasks.

Next order of business was to review the agenda and decide if any matters of business needed to be added. Deanna Kaufman introduced three issues raised by Councilman Steve Barnes via e-mail communication with her:

1. Tax penalties of selling Mulligans with the current bond in place and what friction that creates for the City to sell Mulligans. In particular it was shared that the City Finance Director Sunil Naidu said that such a sale would “definitely trigger an IRS audit.”
2. A request from Councilman Barnes for the MC to provide alternative ideas or proposals about Mulligans financing in addition to a recommendation to pay off the bond. Councilman Barnes suggested re-financing all or ½ of the outstanding principal amount.
3. Councilman Barnes’ statement that if the MC were to recommend an easement be put on Mulligans that he had doubts that there would be enough support of the Council to permanently take the ability to do something else with the property off the table.

Deanna had with her print outs of the e-mail communications as reference.

Don Tingey went to ask Mr. Naidu to join our meeting and discuss some of the issues that Councilman Barnes raised.

Discussion of the tax penalty issue resulted in the understanding that there might be a tax penalty but at this time Mr. Naidu didn't have an actual figure or estimation of the costs. Mr. Naidu didn't think this was a significant issue if the City did want to sell the property since a penalty would only apply if the property were sold while the current bonds were in place. The bonds themselves don't represent a real deterrent to a sale since a sale transaction would be structured to simply pay off the bonds in advance of recognizing the sale. However Mr. Naidu affirmed the City has no interest in selling the property so this is a non-issue.

The MC undertook the question of whether or not presenting financial alternatives would be appropriate. Mr. Naidu discussed that our alternatives might be to 1) re-issue a bond with Municipal Building Authority (MBA) cross-collateralization or 2) with a sales tax bond that would carry a slightly lower coupon rate. Given our City bond rating of AA+, Mr. Naidu indicated that we might be able to re-finance at 2.5-2.6%, resulting in a \$30K-\$40K annual savings for the City. Given that the objective of removing the \$450K annual bond payment from the Mulligans enterprise fund is principally to free up cash flow that can be invested back into Mulligans to improve the facility, the 'refinancing' cash flow improvement is negligible when comparing \$30K-\$40K with \$450K annually.

Mark relayed that in a budget meeting held the evening of Feb 26, 2015, City Manager Gary Whatcott presented eight (8) different re-financing options and when present Councilmembers were asked if any of the alternatives presented were of interest to use for bond issues, none of the Council Members expressed interest.

Based on the facts that re-financing would not give Mulligans sufficient free cash flow for re-investment and that alternative concepts for financing had been presented to the Council during the prior budget meeting, the MC declined to provide any alternatives and will focus on presenting a recommendation to the City Council on March 17, 2015 to pay off the bond.

Mr. Naidu affirmed that the City has budgeted for the third fire station in the budget proposal, has included 8 full time employee hires including conversion of one contract police officer to an employee, and would still be able to direct funds to pay off the Mulligans bond. Mr. Naidu further stated that the other capital intensive projects such as expansion of the Recreation Center are rather large and are being deferred for the time being. Given the current situation, Mr. Naidu felt that the City's obligations and priorities were being met in addition to paying off the Mulligans bond.

The next order of business was to step through the bond payoff presentation prepared by Deanna Kaufman. Deanna stepped through the slides and was given feedback to improve the deck including: adding an agenda to set up the discussion, split the content about interest savings and rate of return to reduce clutter, remove consideration slide, and clarify on the cash advantages of

paying off the bond what we will do with the improved cash flow in the short-term vs. long-term, e.g. capital improvements which are yet to be determined.

Mark stepped through the Mulligans bond payoff resolution line by line through recitations and sections. Mark took note of any changes necessary to the resolution. During the walk through, Mark noted specific sections that affirm the City's intentions reserve Mulligans for open space for the residents of South Jordan.

Mark then opened the meeting up to comments or discussion from our present residents. Mr. Mike Tyler said that he had been hearing that the bond payoff makes it easier for the City to sell the property, but having heard the discussion and the presentation now feels this is a good thing. Mike expressed concerns about mixed messages in the City.

Mark clarified the following points in conversation with Mr. Tyler:

- The City has no plan, intention or even discussion of putting the property up for sale
- A current Council cannot bind a future Council, but a protective easement (which will be researched by the Mulligans Commission and presented to the CC) may provide such assurance of the open space continuing indefinitely
- And that the charter for the MC explicitly states that we will research and recommend ways to protect the property as open space

Mark adjourned the meeting at 6:03PM.